

Congressman Ray LaHood
18th District, Illinois

1424 Longworth House Office Building
Washington, DC 20515
Phone: (202) 225-6201
Fax: (202) 225-9249



To: Bryant VanBrakle
From: Congressman LaHood
Fax Number: 523-0014
Date: 9/11/03 **-Number of pages to follow:** 1

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CONGRESSMAN RAY LAHOOD
18TH DISTRICT, ILLINOIS

September 11, 2003

Mr. Bryant VanBrakle
Secretary
Federal Maritime Commission
800 North Capitol St, NW
Washington, DC 20573

Dear Commissioners:

It is my understanding that UPS has filed for an exemption from the prohibition on Non-Vessel Operating Common Carriers (NVOCC's) from entering into confidential contracts with their customers (Petition P3-03). I write in support of their petition.

During consideration of the Ocean Shipping Reform Act revisions of 1998, Congress carefully considered all aspects of the ocean shipping industry, including the role of NVOCC's. Based on the nature of ocean shipping at the time, Congress determined that NVOCC's should be regulated differently than vessel operators. It is my understanding that in the late 1990's most NVOCC's were small enterprises that neither owned ocean vessels nor the cargo being shipped. In order to protect shippers and to guarantee liability coverage, Congress determined that NVOCC's should operate under a published tariff system when dealing with their customers.

However, it is also my understanding that the state of the ocean shipping industry has changed dramatically since passage of OSRA. There has been unprecedented consolidation among ocean carriers. In an effort to offer customers a full range of services, these very same carriers have created vertically integrated logistics companies that now compete with NVOCC's,

UPS operates a sophisticated, integrated intermodal transport network, which included air, ground and NVOCC transportation. Furthermore, it is my understanding that UPS makes significant annual capital investments to its transportation infrastructure. In view of this, I am hopeful that you will give the UPS petition your utmost consideration.

Sincerely,

Ray LaHood
Member of Congress

RHL/act

RESPOND TO:

☐ 1424 LONGWORTH HOUSE OFFICE BUILDING
WASHINGTON, DC 20515
(202) 225-6201
FAX (202) 225-9249

☐ 100 NE MONROE
PEORIA, IL 61602
(309) 671-7027
FAX (309) 671-7309

☐ 3050 MONTVALE DRIVE
SPRINGFIELD, IL 62704
(217) 793-0808
FAX (217) 793-9724

☐ 209 WEST STATE
JACKSONVILLE, IL 62650
PHONE/TTY (217) 245-1431
FAX (217) 243-6652

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